

# SEARCHLIGHT

Essential information for property professionals

Issue 29, Dec 2016

## THE BREXIT EFFECT

What impact has it had on the UK's housing market?



***Nearly six months on from the EU referendum, is there any indication of it having an effect on the UK's housing market?***

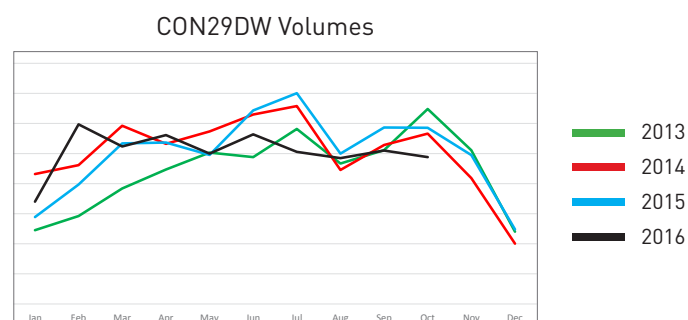
In June, the UK narrowly voted to leave the European Union. Whilst the value of the pound has dropped and the outlook presented in the Chancellor's autumn statement was bleak, the direct effect on the housing market seems to be minimal. Prices remain high, and there's little evidence of a decline over the last few months.

There's no arguing however that there's fewer housing transactions than a year ago. Nationwide's figures show that sales are 10% lower than this time last year, something that their chief economist Robert Gardner partly attributes to the changes in stamp duty which came into effect in April:

"This weakness may still in part reflect the after-effects of the introduction of stamp duty on second homes introduced in April, where buyers brought forward transactions to Q1 to avoid additional stamp duty liabilities. Policy changes impacting the buy-to-let market may also be playing a role in dampening activity."

Lower transaction volumes are something that have been noted by many that work in the industry, ourselves included. The vast majority of property transactions in

the Midlands have a CON29DW through ourselves, and we are therefore well-placed to see trends in the market. And although there's little sign of any dramatic decline in sales, since May, numbers have been consistently lower than the previous few years, as demonstrated by the graph below.



Continued overleaf

# THE BREXIT EFFECT

"A number of commentators have attributed the decline in transactions to April's changes in stamp duty levels on second houses rather than Brexit," says Owen Davies, business development manager at Severn Trent Searches. "Our figures certainly support this, showing a spike in transactions prior to the changes, with buyers ensuring their purchases went through at the lower rate of tax."

The drop in volumes this year doesn't seem to have affected house prices though which, as has been widely noted, continue to remain high. Nationwide recently reported that the average UK house price was £205,904, an annual increase of 4.6%. Halifax goes even further, with an average price of £217,411, an annual increase of 5.2%.

Whichever set of figures you trust, the average price is now over six times higher than the average annual salary. This is the largest prices to earnings ratio since 2008, prior to the financial crash. Prices have risen over 20% during the last three years, partly due to a shortage in housing stock, which RICS report remained flat over the summer, at around the lowest levels ever recorded. However, low interest rates continue to help the market, making expensive properties more affordable.

One note of caution however: October saw prices remain steady rather than grow for the first month since June 2015. Whether this is a one-off or the start of a gradual decline is something that market commentators will be watching closely over the next few months.

There was, unsurprisingly, a dip in the market immediately following the referendum. Bank of England figures show

that mortgage approvals fell over the summer, reaching a low in August. They then rose to 62,932 in September, over 2000 higher than the previous month. Figures provided by the British Bankers' Association (BBA) also show figures recovering, after reaching a 19 month low in August. Although mortgage levels are still lower than prior to the referendum – for the time being anyway – approvals are by no means disastrous. Encouragingly, RICS recently reporting that buyer enquires are on the increase for the first time since February.

Although the market is noticeably quieter than the last few years, there hasn't been the crash that some were predicting in the wake of Brexit.

"There are two likely reasons for this," continues Owen. "Firstly, any negative effects on the economy caused by the referendum may take a while to filter through to the housing market. The pound is at its lowest value for at least 30 years (depending on how you measure it), but the impact on the economy has, so far been minimal, in part due to preventative action by the Bank Of England.

"The second, and we suspect the main reason, is that the likely impact of Brexit is still largely unknown. No one, the government included, knows exactly what effect it will have on the country, and consequently the mood of the housing market remains one of cautious optimism. Whether it remains relatively stable once the exit process for leaving the European Union begins early next year remains to be seen."

## ALL CHANGE FOR SEARCHLIGHT

*We're making some changes to Searchlight which we thought you'd like to know about*

Ever since we launched in 2002, we've produced two issues of Searchlight annually for customers. And we figured it was time for a change.

From now on, we're going to be posting the majority of Searchlight stories directly onto our website. This will allow us to provide our customers with the latest Severn Trent Searches and industry news as it happens. We've always posted news online, but we're increasing the number of stories we feature. There will also be regular blog posts from both ourselves as well as the occasional guest blogger.

Besides allowing us to provide you with more regular, up-to-date content, moving our stories online makes it easier for readers to share stories with friends and colleagues via social media. Our website also allows our stories to be interactive, letting you comment on our posts, and we'd love to hear your feedback.

Every time we post a story or blog we'll share it through our Twitter and Facebook pages. Our details are on the back page of Searchlight, so make sure you're following us to avoid missing out. Alternatively, just visit [severntrentsearches.com](http://severntrentsearches.com) and select 'Press



Room' at the top of the homepage. This will take you to both the news and blog pages.

We'll be sending a monthly summary of all the latest news to customers by email, but if you like receiving your Searchlight by post, there's no need to worry. We'll still be producing our annual Christmas issue – the one you're reading right now, filled with all the news, competitions and occasional bad jokes that you've come to expect.

Visit [www.severntrentsearches.com/press-room/](http://www.severntrentsearches.com/press-room/) for all the latest news.

# ASK THE EXPERTS



*Severn Trent Searches has an in-house team of experts dedicated to answering your queries about the CON29DW. Here's some of the most common questions they've received recently:*

**Q: The search on my new house has indicated that there is a public pumping station within the boundary of my property (Q2.4.1). What are the implications of this?**

A: Pumping stations pump sewage to the nearest suitable gravity sewer or treatment works. From 1st October 2016 many formerly private pumping stations became the responsibility of water companies. To be eligible for transfer, they had to be operational prior to July 2011 and either serve multiple properties, or be located outside of the boundary of the single property they serve.

The presence of a pumping station can be disruptive for homeowners. Water companies can access private land for inspection and maintenance of their assets, and pumping stations require more regular inspection than sewers. Pumping stations can produce occasional noise and sewage odour. Finally, water companies restrict building over or near public assets, and these rules are even stricter regarding the pressurised sewers connecting to pumping stations.

It should be noted that recently transferred pumping stations and pressurised sewers may not yet be plotted on our sewer plans.

**Q: Why are some of the pumping stations on the sewer plans different colours?**

A: Pumping stations are shown as triangles on sewer plans and, as with sewers, different colours indicate their status. A black triangle indicates a public pumping station. Green indicates part of a S104 agreement.

Orange means the pumping station has recently transferred to become a public asset. A blue triangle indicates highway drainage. Purple indicates that the pumping station is private. A light grey triangle indicates an abandoned pumping station that is no longer used. The black, orange and light grey pumping stations are Severn Trent Water's responsibility.

**Q: What sections of mains water pipework are Severn Trent and the homeowner responsible for?**

A: Severn Trent Water is generally responsible for the water mains pipework up to and including the external stop tap, which is usually located at the property boundary. Pipework within the boundary – known as the service pipe – is the responsibility of the homeowner, or may be shared with neighbours if it serves more than one property. If the external stop tap is located some distance away from the property, then responsibility for the full extent of the service pipe will normally lie with the owners of the properties it serves.

**Q: Why have the foul sewers on my development transferred, but not the surface water sewers?**

A: The 2011 private sewer transfer saw many private sewers transfer into public ownership. However, this only applied to sewers which were connected to the public sewerage network. On many new developments, surface water sewers discharge to balancing ponds, watercourses or other sustainable drainage systems (SuDs), and as such were excluded from the transfer. These sewers will remain private until either the terms

of the S104 adoption agreement are completed, or an application to adopt the sewers under S102 of the Water Industry Act (1991) is made. It is worth noting however, that the majority of SuDs will remain private, and not become the responsibility of water companies.

**Q: Why has the CON29DW question regarding water quality been replaced by one with water hardness?**

A: Until recently, question 3.5 of the CON29DW detailed water quality for the supply zone in which the property was located. These zones typically encompass several thousand properties, and rarely relate specifically to the property in question. Water quality problems are also both rare and usually temporary. Working alongside the Law Society, CON29DW providers have now replaced this with a question on water hardness, which we believe to be more pertinent. Hard water can cause a build-up of limescale around taps as well as household appliances such as kettles and washing machines, and is therefore of greater concern to homeowners. Water companies hold specific information on the water hardness for properties in their region and are therefore well-placed to advise on this through the CON29DW.

Got a question you'd like to ask our experts? Email your queries to us at: [enquiries@severntrentsearches.com](mailto:enquiries@severntrentsearches.com) or write to us at:

Ask the Experts, Severn Trent Searches, PO Box 10155, Nottingham, NG1 9HQ



# GETTING PERSONAL

## Not all drainage and water searches are the same...

A number of search providers offer regulated – also known as personal searches – as a cheaper alternative to the CON29DW. So why's it worth buying the official product?

Like most things, with drainage and water searches, you get what you pay for. There's a number of differences between the official CON29DW and regulated searches, which we think are worth highlighting.

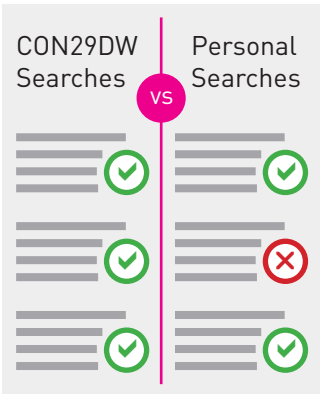
Probably the most important distinction is that the CON29DW is produced either by or on behalf of water companies. The ten companies that produce the CON29DW are either water companies themselves or, as in our case, part of the same group of companies. This means that the information included in the searches is direct from water company records, which both increases accuracy and means reports can be returned in a matter of hours.

Many regulated searches only use that water company data which is readily available, namely the location of water and sewerage assets. Under sections 198 and 199 of the Water Industry Act (1991), water companies are required to make plans of these available for inspection at their offices. Many regulated search providers compile their searches based solely on these records, inferring the answers to many of the questions based on the plans.

Furthermore, if the search raises any issues CON29DW providers have access to their company's range of experts: from engineers, to inspectors and billing specialists. This specialist help is something that providers of regulated searches are unable to easily access, often advising solicitors to simply contact the relevant water company.

And then there's the questions themselves. A number of search providers use an old version of the questions, which CON29DW providers stopped using in 2009.

Others use a more recent version, but do not incorporate the latest additions such as water hardness or pumping stations. The questions in the CON29DW are approved by the Law Society, who recommend that a CON29DW be completed in every transaction. Many providers either omit some of these questions entirely, or include them but "insure out" the answers.



Finally, and crucially, there's indemnity. This varies greatly between regulated search providers, and reading the small print is therefore vital. All of them cap their indemnity, and some only insure against certain types of information – something which the CON29DW doesn't do. The CON29DW will also provide cover should the location of sewers on plans prove incorrect – something

increasingly important since the transfer of private sewers five years ago, many of which were not correctly plotted when laid. Few regulated searches offer this cover. Many provide cover should they make a mistake in interpreting water company information (again, often just the water and sewer plans), but few will take responsibility for the accuracy of the data itself.

It's for these reasons that we believe the CON29DW is the most comprehensive, safest, quickest and best value-for-money drainage and water search available anywhere. Like we said, you get what you pay for.

To see a full comparison of CON29DW and regulated drainage and water searches, please visit [www.severntrentsearches.com/con29dw-vs-regulated-searches/](http://www.severntrentsearches.com/con29dw-vs-regulated-searches/)

# AUTHORITATIVE TURNAROUND TIMES

## Want to know how long your local authority search will take before ordering? There's an easy way to check

It's no secret that searches of local authority records tend to be the slowest part of the searches process. Whilst CON29DW, environmental and chancel searches are generally returned in hours, it's not uncommon for the local authorities to take a week or more to provide information.

We're aware that this can be frustrating, and unfortunately this is an issue with most authorities, and something experienced by all search providers. So customers are aware of how long these searches are likely to take, we put the latest turnaround times for them on the local authority pages of our website. From the homepage, simply choose either the residential or commercial searches menu, then the page for Official LLC1 and CON29R. Both of these pages contain a table showing the latest turnaround times for the 68 authorities within our region.

The table also shows the price for all the authorities, along with details of any admin fees. For authorities outside of our region, an up-to-date national price list is available to download on the same page.

Turnaround times in the table are updated weekly, and are based on information we have collected over the preceding four weeks. On occasion, an authority will inform us they're experiencing unusually long delays, and we'll note this in the table.

Alternatively, if you give us a call prior to ordering, we'll be happy to inform you how long the search is expected to take.





# CHRISTMAS QUIZ

*When they're not busy making and wrapping presents, Santa's elves like nothing better than to write fiendish Christmas quizzes (this actually happens, honest)*

Below are 12 puzzlers the elves recently popped down our chimney. Just answer them all to be in with a chance of winning a Christmas hamper worth £250, containing all of your seasonal favourites. Which reminds us: What do you call an Elf who's been over-indulging on the Christmas sherry? Legolas.

1. In which C.S. Lewis novel was it 'always winter but never Christmas'?
2. Which King of England was crowned on Christmas Day in 1066?
3. What famous carol is called 'Stille Nacht' in German?
4. Prince Albert is credited with introducing which German Christmas tradition to Britain in the early 1840s?
5. Chevy Chase, Beverly D'Angelo and Randy Quaid star in which popular Christmas movie?
6. Which British pop group holds the record for the most Christmas number ones, with four?
7. Philip Van Doren Stern's short story 'The Greatest Gift' was the basis for which classic Christmas movie?
8. Which European capital city has sent a Christmas tree to London every year since 1947 after helping them in World War II?
9. Who was Scrooge's dead business partner in 'A Christmas Carol'?
10. What are the two main ingredients of a snowball cocktail?
11. According to Monty Python, which child was born in the next stable to Jesus?
12. How many of Santa's reindeer names end with the letters ER?

Send your completed quiz (and any better jokes) to us at:

**Searchlight 29 competition**  
Severn Trent Searches  
PO BOX 10155, Nottingham, NG1 9HQ  
DX723860, Nottingham 43

## Answers

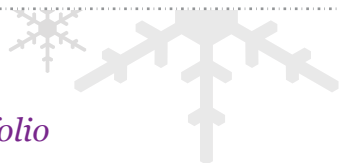
1. ....
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11. ....
12. ....

Your Name .....  
Firm Name .....  
Telephone Number .....  
Email Address .....

Alternatively, you can email your entries to [business@severntrentsearches.com](mailto:business@severntrentsearches.com). Competition closes Tuesday 20th December 2016.  
Please include your name, firm, contact telephone number and email address.

The winner will be notified and the prize delivered shortly after the closing date of the competition. Terms and conditions apply – these can be found on the 'News' page of our website: [www.severntrentsearches.com/category/news](http://www.severntrentsearches.com/category/news)

# HIGHWAY SEARCHES NOW AVAILABLE



*We've recently added three Highways searches from PlanVal to our portfolio*

Most property owners take it for granted that they can access their property directly from the public highway. And likewise, many solicitors assume that standard Land Registry and local authority searches will highlight any potential issues with access. Unfortunately, it's not always that simple.

The Land Registry's Search of Index Map (or SIM for short) isn't detailed enough to precisely define a property boundary, and under the general boundaries rule, can't be relied on to show the exact property boundary. Likewise, the local authority's search will show whether the highways are adopted, but doesn't include hazards such as ransom strips, which can prevent access to the property.

Highways searches ask authorities specifically if the property abuts directly onto the public highway, and if not,

the status of any intervening land – information that isn't included in a standard local authority search.

The three searches: Highways Lite, Highways Enquiry and Highways Standard with opinion all ask this vital question. The latter two searches also ask three additional questions, regarding road improvements and widening schemes, public footpaths crossing the property, and future improvements or developments which may affect traffic flow around the property. Highways Standard with opinion also contains a professional opinion from Groundsure, backed by £10 million Indemnity Insurance.

All three searches are available to order from [severntrentsearches.com](http://severntrentsearches.com). The price of searches varies depending which local authority is providing the data.



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0115 971 3550



[enquiries@severntrentsearches.com](mailto:enquiries@severntrentsearches.com)

Severn Trent Searches  
PO Box 10155,  
Nottingham,  
NG1 9HQ  
DX 723860, Nottingham 43

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## CPD SCORES A HOLE IN ONE

*On Tuesday 4th October, many of our customers gathered for our latest CPD seminar*

In recent years we've held our annual CPD event at prestigious venues such as the Leicester's National Space Centre and Warwick Castle. This year's event was no different, taking place at the exclusive Nottinghamshire Golf and Country Club.

As always, our guests were treated to a variety of speakers, reflecting the wide range of searches we provide.

Firstly, the Land Registry's Jamie Winch provided an update on the organisation's ongoing project to take over the LLC1 element of searches from local authorities. This has been in development for a few years now, and Jamie was able to provide the audience with the latest news on the project. He also gathered some valuable feedback regarding the Land Registry's website, which he promised to pass on to their website team.

The second talk of the afternoon was from Geoff Offen, Managing Director of Future Climate Info (or FCI for short), who gave a presentation on environmental risk. Alongside Landmark and Groundsure, FCI are one of the providers of our environmental searches. What distinguishes FCI though is their all-in-one approach, combining environmental, flood, ground stability and energy & infrastructure information into one single report. Another innovative feature is that their reports exclude questions where no risk is shown, meaning only those areas of concern are highlighted.



Finally, our business development manager, Owen Davies presented on the CON29DW. Owen's presentation included a section on the recent transfer of private pumping stations to water companies. Although part of the 2011 private sewer transfer, water companies were given five years to transfer pumping stations, which ended on the 1st October this year.

If you'd like to attend one of our future CPD events, or would like us to deliver a presentation at your offices, please visit the CPD page of our website

[www.severntrentsearches.com/category/cpd-events/](http://www.severntrentsearches.com/category/cpd-events/) or email [business@severntrentsearches.com](mailto:business@severntrentsearches.com)

## MEET LOUISE

*Louise Johnson has succeeded Mark Jarvis as the new head of Severn Trent Searches. We thought we'd give you a chance to get to know her*

### How long have you been with Severn Trent?

Since June 2015, and I joined the Searches business in May this year. Previously I worked in a variety of roles at British Gas.



### What's the best thing about working at Severn Trent Searches?

Our team here is fantastic, they continually look for ways to improve our customers' journey. And we're lucky enough to be fairly agile in terms of systems, so that we can quickly develop and improve – something that often isn't quite so easy elsewhere I've worked.

### Have you met many of our customers yet?

Unfortunately I have only had a chance to meet a handful so far, who have all been wonderful. I hope to have a lot more opportunity to do this over the coming months and into next year.

### What's the most embarrassing thing that's ever happened to you at work?

Well I'm not sure it's the most embarrassing, but my twin sister used to work part time at British Gas with me. People that didn't realise I had a twin would often start conversations with me about all things finance. I often didn't have the heart to try to explain that I wasn't who they actually thought I was. It also made it fun to see my sister have a blank look on her face when people would attempt to follow up on earlier conversations they had had with me.

### What do you like to do in your spare time?

I'm a country girl at heart and am lucky enough to live in a very pretty village in Oxfordshire, so I love to be outside in the fresh air. I love eating out with friends and family, and therefore have to force myself to the gym to keep a happy balance!

### Tell us something surprising about yourself

Well you now all know I have an identical twin sister, which for some reason people's reaction is often surprise – maybe it's the thought that there's another person out there just like me!

**SEVERN  
TRENT**